**Supporting Statement for the**
**Written Security Program for State Member Banks**
**(FR 4004; OMB No. 7100-0112)**

**Summary**

The Board of Governors of the Federal Reserve System, under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, without revision, the Written Security Program for State Member Banks (FR 4004; OMB No. 7100-0112). This mandatory information collection is a recordkeeping requirement contained in the Board's Regulation H Section 208.61. Each state member bank must develop and implement a written security program and maintain it in the bank's records. There is no formal reporting form and the information is not submitted to the Federal Reserve. The annual burden for the FR 4004 is estimated to be twenty-seven hours for fifty-four state member banks, the average number of state member bank applications received annually during the past three years.

**Background and Justification**

The Congress adopted the Bank Protection Act of 1968 (12 U.S.C. §1882) to promulgate rules establishing minimum standards for banks as to the installation, maintenance, and operation of security devices and procedures to discourage robberies, burglaries, and larcenies and to assist in the identification and apprehension of persons who commit such acts.

In response to the passage of the Bank Protection Act (Act), each of the federal financial institution supervisory agencies established minimum standards for security devices and procedures. The requirements established by the Board of Governors of the Federal Reserve System in 1969 for state member banks were contained in Regulation P. In the regulation, the Federal Reserve required the board of directors of each state member bank to designate a security officer to assume the responsibility for the development and administration of a written security program within 180 days of opening for business. The original Act also contained provisions that required financial institutions to submit periodic reports to their primary federal supervisory agency with respect to the installation, maintenance, and operation of security devices and the development of security procedures.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) included provisions that amended the Act. The provisions eliminated the requirement that each bank submit periodic reports to its regulator, but retained the requirement that each bank develop and implement a written security program. The Federal Reserve amended Regulation P in 1991 to reflect this change.[1]

Effective October 1, 1998, Regulation P, "Minimum Security Devices and Procedures for Federal Reserve Banks and State Member Banks," was rescinded and its provisions were

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[1] Two other reporting and recordkeeping requirements (FR 4003 and FR 4005; OMB No. 7100-0112) were discontinued following the Regulation P amendments.

incorporated into Regulation H (12 CFR §208.61)[2].  The Federal Reserve's action to incorporate Regulation P into Regulation H was designed to simplify compliance by consolidating regulatory requirements that apply to State member banks into one regulation.

The Federal Reserve has determined that Regulation H, section 208.61 continues to require the board of directors of each state member bank to designate a security officer to assume the responsibility for the development and administration of a written security program within 180 days of opening for business.

## Description of Information Collection

Each state member bank must keep a written security program in its records.  This program should include a requirement to install security devices and should establish procedures that satisfy minimum standards in the regulation, with the security officer determining the need for additional security devices and procedures based on the location of the banking office.

## Time Schedule for Information Collection

Because the Written Security Program for State Member Banks is a recordkeeping requirement, copies of the program are not collected by the Federal Reserve System and are not published.  Bank examiners verify compliance with this recordkeeping requirement during examinations of state member banks.

## Consultation Outside the Agency

There has been no consultation outside the Federal Reserve System.

## Sensitive Questions

This collection of information contains no questions of a sensitive nature, as defined by OMB guidelines.

## Legal Status

The Board's Legal Division has determined that the Bank Protection Act [12 U.S.C. § 1882], 12 U.S.C. § 248(a)(1) and 325, and Regulation H [12 C.F.R., part 208.61] authorize the Board to require the recordkeeping of this information.  Because written security programs are maintained at state member banks, no issue of confidentiality under the Freedom of Information Act normally arises.  However, copies of such documents included in examination work papers would, in such form, be confidential pursuant to exemption 8 of the Freedom of Information Act (5 U.S.C. §552(b)(8)).

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[2] *Federal Register* notice published July 13, 1998, (63 FR 37665).

**Estimate of Respondent Burden**

The annual recordkeeping burden for the FR 4004 is estimated to be twenty-seven hours, as presented in the following table. The number of respondents is based on the average number of state member bank applications received annually during 2001 through 2003. The total annual burden of this information collection represents less than 1 percent of total Federal Reserve System annual reporting burden.

|  | Number of respondents | Annual frequency | Estimated average hours per response | Estimated annual burden hours |
|---|---|---|---|---|
| FR 4004 | 54 | 1 | 0.5 | 27 |

Based on an hourly rate of $20, the annual cost to the public is estimated to be $540.

**Estimated Cost to the Federal Reserve System**

Annual costs to the Federal Reserve System associated with this recordkeeping requirement are minimal because there are no reporting forms and the information is not submitted to the Federal Reserve.